Vendor contract review checklist

Most of what you can require of a vendor later is decided by what the contract says now. This checklist lists the provisions to look for before an agreement is signed, grouped the way a reviewer usually reads one. It is a guide to what to check and does not replace review by your counsel.

Vendor _____ Completed by _____ Date _____

Contract basics

- [ ] The contracting party is the correct legal entity, named in full.
- [ ] The services are clearly defined, including what is out of scope.
- [ ] The term is stated, with a start date and a termination date.
- [ ] Fees and payment terms are clearly defined, including how and when prices can change.
- [ ] Service levels are measurable, and the agreement says what happens when they are missed.
- [ ] The agreement is fully executed by people with authority to sign.

Termination and renewal

- [ ] You can terminate for cause, and the causes are defined.
- [ ] You know whether you can terminate without cause, and what it costs.
- [ ] The agreement says whether it renews automatically and for how long.
- [ ] The notice requirement is stated, and you have worked out the last day to give notice.
- [ ] The vendor must help with the transition and return your data when the agreement ends.

Confidentiality and restrictive covenants

- [ ] Confidentiality obligations bind the vendor, and you understand any that bind you.
- [ ] Confidentiality survives the end of the agreement for a stated period.
- [ ] Any non-compete, non-solicitation or no-hire clause is one you can live with.
- [ ] Any exclusivity clause or minimum purchase commitment is understood and approved.

Liability and indemnification

- [ ] The vendor indemnifies you for the losses it causes, including data breaches and third-party claims.
- [ ] Any limitation of liability is high enough for the harm the vendor could cause, and does not cap the indemnities that matter most.
- [ ] You understand what you are indemnifying the vendor for.
- [ ] The vendor's insurance requirements are set out, with types of coverage and limits.

Legal and dispute resolution

- [ ] Governing law and jurisdiction are stated and acceptable.
- [ ] The dispute resolution process is stated, including any arbitration requirement.
- [ ] Assignment is restricted, so the agreement cannot be transferred without your consent.
- [ ] A change of control at the vendor gives you notice and, where it matters, a right to terminate.
- [ ] The force majeure clause does not excuse the failures you most need covered.

Data, privacy and security

- [ ] The vendor may use your data only to provide the services.
- [ ] Security obligations are stated, not left to a policy the vendor can change.
- [ ] The vendor must notify you of a security breach within a stated time.
- [ ] Privacy obligations match the laws that apply to your data.
- [ ] The vendor maintains a business continuity and disaster recovery plan and tests it.

Oversight and compliance

- [ ] You have the right to audit the vendor or to receive its independent audit reports.
- [ ] The vendor's use of subcontractors requires your notice or approval, and its obligations flow down to them.
- [ ] The vendor must comply with the laws and regulations that apply to the service.
- [ ] Your regulators can examine the service where the law provides for it.

After the review

- [ ] Missing or weak provisions are written down, with who accepted them and why.
- [ ] The term, the notice requirement and the renewal terms are recorded where they will be seen.
- [ ] The signed agreement is filed with the vendor's record.

Which provisions matter most by risk level

A starting point. Your policy and counsel decide what is required.

Vendor risk	Provisions to insist on
Every vendor	Defined services, term, fees, termination rights and confidentiality
Medium risk and above	Service levels, insurance requirements, breach notification and limits on subcontracting
High risk and critical	Audit rights, business continuity commitments, data return, transition help and change of control

A free checklist from VendorRisk, vendor management software for regulated institutions. More guides, checklists and templates at vendorrisk.com/resources.